

AMENDED IN SENATE SEPTEMBER 4, 2007

AMENDED IN ASSEMBLY APRIL 11, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1368

Introduced by Assembly Member Mullin

February 23, 2007

An act to amend ~~Sections 15140, 15141, 15144, 15150, 15230, 15350, 15351, 15355, and 15400~~ *Section 15150* of the Education Code, relating to school bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1368, as amended, Mullin. School bonds: school and community college districts: school facilities improvement districts.

~~(1) Under existing law, the bonds of a school district or community college district are required to be issued and sold by the board of supervisors of the county, the county superintendent of schools that has jurisdiction over the district, or the community college district governing board, where appropriate, as soon as possible following receipt of a resolution duly adopted by the governing board of the school district or community college district. The resolution is required to prescribe the total amount of bonds to be sold and may prescribe the maximum acceptable interest rate, not to exceed 8%, and the time or times when the whole or any part of the principal of the bonds is to be payable, which cannot be more than 25 years from the date of the bonds.~~

This bill would instead require the principal of the bonds to be payable not more than 40 years from the date of the bonds and would make conforming changes.

~~(2) Under existing law, the bonds of a school facilities improvement district are required to be issued and sold by the board of supervisors of the county in which the county superintendent of schools has jurisdiction over the school district or community college district in which the school facilities improvement district is located as soon as possible, when appropriate, following receipt of a resolution duly adopted by the governing board of that school district or community college district. The resolution is required to prescribe the total amount of bonds to be sold and may prescribe the maximum acceptable interest rate, not to exceed 8%, and the time or times when the whole or any part of the principal of the bonds is to be payable, which cannot be more than 25 years from the date of the bonds.~~

~~This bill would instead require the principal of the bonds to be payable not more than 40 years from the date of the bonds and would make conforming changes.~~

~~(3) Existing~~

Existing law permits the governing board of a school district or a community college district, by resolution, to issue notes, on a negotiated or competitive-bid basis, maturing within a period not to exceed one year, in anticipation of the sale of bonds *by that district* at the time the notes are issued. All notes issued and any renewal of the notes are required to be payable at a fixed time not more than 5 years from the date of the original issuance of the note. If the sale of the bonds does not occur prior to the maturity of the notes, the fiscal officer of the district, in order to meet the notes then maturing, is required to issue renewal notes for this purpose. The renewal of a note may not be issued after the sale of bonds in anticipation of which the original note was issued.

A note and any renewal of a note are to be payable from the proceeds of the sale of bonds or of any renewal of notes or from other funds of the district lawfully available for the purpose of repaying the notes, including state grants.

This bill would authorize a district to issue notes that mature within a period not to exceed 5 years, rather than one year. The prohibition on the fiscal officer of a school district or a community college district issuing a renewal note that would have a maturity date later than 5 years from the date of the original issuance of the note would be restated.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 15140 of the Education Code is amended~~
2 ~~to read:~~

3 ~~15140. (a) Bonds of a school district or community college~~
4 ~~district shall be offered for sale by the board of supervisors of the~~
5 ~~county, the county superintendent of which has jurisdiction over~~
6 ~~the district, or the community college district governing board,~~
7 ~~where appropriate, as soon as possible following receipt of a~~
8 ~~resolution duly adopted by the governing board of the school~~
9 ~~district or community college district. The resolution shall prescribe~~
10 ~~the total amount of bonds to be sold. The resolution may also~~
11 ~~prescribe the maximum acceptable interest rate, not to exceed 8~~
12 ~~percent, and the time or times when the whole or any part of the~~
13 ~~principal of the bonds shall be payable, which shall not be more~~
14 ~~than 40 years from the date of the bonds.~~

15 ~~(b) Notwithstanding subdivision (a) or another provision of this~~
16 ~~chapter, the board of supervisors of a county may provide by~~
17 ~~resolution that the governing board of a school district or~~
18 ~~community college district over which the county superintendent~~
19 ~~of schools has jurisdiction, and which has not received a qualified~~
20 ~~or negative certification in its most recent interim report, may issue~~
21 ~~and sell bonds on its own behalf pursuant to this chapter without~~
22 ~~further action of the board of supervisors or officers of that county~~
23 ~~or of any other county in which a portion of the school district or~~
24 ~~community college district is located. The county shall levy and~~
25 ~~collect taxes, pay bonds, and hold bond proceeds and tax funds~~
26 ~~pursuant to this chapter for the bonds issued and sold pursuant to~~
27 ~~this subdivision.~~

28 ~~(c) Whenever the governing board of a school district or~~
29 ~~community college district issues bonds or refunding bonds payable~~
30 ~~from ad valorem taxes the governing board shall transmit the~~
31 ~~authorizing resolution and debt service schedule, including the~~
32 ~~debt service schedule for the bonds to be refunded, to the county~~
33 ~~auditor and county treasurer in sufficient time to permit the county~~
34 ~~to establish tax rates and necessary funds or accounts for the bonds.~~

35 ~~SEC. 2. Section 15141 of the Education Code is amended to~~
36 ~~read:~~

37 ~~15141. When authorized by the governing board of a school~~
38 ~~district or a community college district, bonds of a school district~~

1 or a community college district may be offered for sale as a group
2 by the board of supervisors of the county, the county superintendent
3 of schools, or the governing board of a community college district,
4 which has jurisdiction over the district, at a time determined by
5 the board of supervisors following receipt of a resolution duly
6 adopted by the governing board of the school district or community
7 college district. The resolution shall prescribe the total amount of
8 bonds to be sold. The resolution may also prescribe the maximum
9 acceptable interest rate, not to exceed 8 percent, and the time or
10 times when the whole or any part of the principal of the bonds
11 shall be payable, which shall not be more than 40 years from the
12 date of the bonds. Bidders shall be required to bid a lump-sum bid
13 on all bonds as a group. If bids satisfactory to the governing board
14 of each school district included in the group are received, the bonds
15 offered for sale shall be awarded to the bidder whose bid will result
16 in the lowest net interest cost for the group or for the bonds of any
17 district included within the group. Bonds shall be issued and sold
18 in the name of each school district or a community college district
19 in the same manner as provided in this chapter.

20 ~~SEC. 3.~~ Section 15144 of the Education Code is amended to
21 read:

22 ~~15144.~~ The number of years the whole or any part of the bonds
23 are to run shall not exceed 40 years, from the date of the bonds or
24 the date of any series thereof.

25 ~~SEC. 4.~~

26 *SECTION 1.* Section 15150 of the Education Code is amended
27 to read:

28 15150. (a) When the governing board of a school district or a
29 community college district deems it in the best interests of the
30 district, it may by resolution, upon such terms and conditions as
31 it shall prescribe, issue notes, on a negotiated or competitive-bid
32 basis, maturing within a period not to exceed five years, in
33 anticipation of the sale of bonds authorized pursuant to Section
34 15100 or Section 15340 at the time the notes are issued. The
35 proceeds from the sale of the notes shall be used only for authorized
36 purposes of the bonds or to repay outstanding notes authorized by
37 this section.

38 (b) All notes issued and any renewal thereof shall be payable
39 at a fixed time not more than five years from the date of the original
40 issuance of the note. If the sale of the bonds does not occur prior

1 to the maturity of the notes issued in anticipation of the sale, the
2 fiscal officer of the school district or community college district,
3 in order to meet the notes then maturing, shall issue renewal notes
4 for this purpose. The renewal of a note may not be issued after the
5 sale of bonds in anticipation of which the original note was issued
6 and the maturity date of the renewed note shall not be later than
7 five years from the date of the original issuance of the note.

8 (c) Every note and any renewal thereof shall be payable from
9 the proceeds of the sale of bonds or of any renewal of notes or
10 from other funds of the school district or community college district
11 lawfully available for the purpose of repaying the notes, including
12 state grants. The total amount of the notes or renewals thereof
13 issued and outstanding may not at any time exceed the total amount
14 of the unsold bonds.

15 (d) Interest on the notes shall be payable from proceeds of the
16 sale of bonds, or from the tax lawfully levied to pay principal of
17 and interest on the bonds.

18 (e) The original issuance of notes and any renewal thereof may
19 be in the form of commercial paper notes. Each issuance of
20 commercial paper notes to repay outstanding notes shall be deemed
21 to be a renewal of notes subject only to the requirements of this
22 section.

23 ~~SEC. 5. Section 15230 of the Education Code is amended to~~
24 ~~read:~~

25 ~~15230. The board of supervisors by an order entered upon its~~
26 ~~minutes shall fix the time when the whole or any part of the~~
27 ~~principal of the bonds shall be payable, which shall not be more~~
28 ~~than 40 years from the date of the bonds. If the governing board~~
29 ~~of the district has prescribed in its resolution the time or times~~
30 ~~when the whole or any part of the bonds shall be payable, the times~~
31 ~~and amounts shall be fixed by the order of the board of supervisors.~~

32 ~~Any bonds authorized at an election held after September 15,~~
33 ~~1945, may be issued subject to call and redemption before maturity~~
34 ~~at the option of the governing board of the district. The governing~~
35 ~~board may include in its resolution a requirement that all or any~~
36 ~~part of such bonds shall be issued subject to call and redemption~~
37 ~~before maturity and the price or prices at which the bonds shall be~~
38 ~~redeemed. The board of supervisors, in its order fixing the form~~
39 ~~of the bonds and the maturities thereof, shall provide that the bonds~~
40 ~~be redeemable at the option of the governing board and at the price~~

1 or prices fixed in the resolution. Bonds issued subject to call and
2 redemption prior to maturity shall contain a recital to that effect,
3 and no bond shall be subject to call or redemption prior to maturity
4 unless it contains that recital. The board of supervisors in its order
5 shall fix the method of giving notice of redemption to holders of
6 bonds to be redeemed.

7 SEC. 6. ~~Section 15350 of the Education Code is amended to~~
8 ~~read:~~

9 ~~15350. Bonds of a school facilities improvement district shall~~
10 ~~be offered for sale by the board of supervisors of the county in~~
11 ~~which the county superintendent of schools has jurisdiction over~~
12 ~~the school district or community college district in which the school~~
13 ~~facilities improvement district is located as soon as possible, when~~
14 ~~appropriate, following receipt of a resolution duly adopted by the~~
15 ~~governing board of that school district or community college~~
16 ~~district. The resolution shall prescribe the total amount of bonds~~
17 ~~to be sold. The resolution may also prescribe the maximum~~
18 ~~acceptable interest rate, not to exceed 8 percent, and the time or~~
19 ~~times when the whole or any part of the principal of the bonds~~
20 ~~shall be payable, which shall not be more than 40 years from the~~
21 ~~date of the bonds.~~

22 SEC. 7. ~~Section 15351 of the Education Code is amended to~~
23 ~~read:~~

24 ~~15351. When authorized by the governing board of the school~~
25 ~~district or community college district in which the school facilities~~
26 ~~improvement district is located, bonds of the school facilities~~
27 ~~improvement district may be offered for sale as a group by the~~
28 ~~board of supervisors of the county in which the county~~
29 ~~superintendent of schools has jurisdiction over the school district~~
30 ~~or community college district in which the school facilities~~
31 ~~improvement district is located, at a time determined by the board~~
32 ~~of supervisors following receipt of a resolution duly adopted by~~
33 ~~the governing board of that school district or community college~~
34 ~~district. The resolution shall prescribe the total amount of bonds~~
35 ~~to be sold. The resolution may also prescribe the maximum~~
36 ~~acceptable interest rate, not to exceed 8 percent, and the time or~~
37 ~~times when the whole or any part of the principal of the bonds~~
38 ~~shall be payable, which shall not be more than 40 years from the~~
39 ~~date of the bonds. Bidders shall be required to bid a lump-sum bid~~
40 ~~on all bonds as a group. If bids satisfactory to the governing board~~

1 of each school district or community college district in which a
2 school facilities improvement district is located are received, the
3 bonds offered for sale shall be awarded to the bidder whose bid
4 will result in the lowest net interest cost for the group or for the
5 bonds of any district included within the group. Bonds shall be
6 issued and sold in the name of each school facilities improvement
7 district in the same manner as provided in this chapter.

8 SEC. 8. ~~Section 15355 of the Education Code is amended to~~
9 read:

10 15355. The number of years the whole or any part of the bonds
11 are to run shall not exceed 40 years, from the date of the bonds or
12 the date of any series thereof.

13 SEC. 9. ~~Section 15400 of the Education Code is amended to~~
14 read:

15 15400. (a) The board of supervisors, by an order entered upon
16 its minutes, shall fix the time when the whole or any part of the
17 principal of the bonds shall be payable, which shall not be more
18 than 40 years from the date of the bonds. If the governing board
19 of the school district or community college district in which the
20 school facilities improvement district is located has prescribed in
21 its resolution the time or times when the whole or any part of the
22 bonds shall be payable, the times and amounts shall be fixed by
23 the order of the board of supervisors.

24 (b) ~~Any bonds may be issued subject to call and redemption~~
25 ~~before maturity at the option of the governing board of the school~~
26 ~~district or community college district in which the school facilities~~
27 ~~improvement district exists. The governing board may include in~~
28 ~~its resolution a requirement that all or any part of the bonds shall~~
29 ~~be issued subject to call and redemption before maturity and the~~
30 ~~price or prices at which said bonds shall be redeemed. The board~~
31 ~~of supervisors, in its order fixing the form of the bonds and the~~
32 ~~maturities thereof, shall provide that the bonds be redeemable at~~
33 ~~the option of the governing board and at the price or prices fixed~~
34 ~~in the resolution. Bonds issued subject to call and redemption prior~~
35 ~~to maturity shall contain a recital to that effect, and no bond shall~~
36 ~~be subject to call or redemption prior to maturity unless it contains~~
37 ~~the recital. The board of supervisors in its order shall fix the method~~
38 ~~of giving notice of redemption to holders of bonds to be redeemed.~~